



FEDERAL RESERVE SYSTEM

Agency Information Collection Activities: Announcement of Board

Approval Under Delegated Authority and Submission to OMB

SUMMARY: Background. Notice is hereby given of the final approval of a proposed information collection by the Board of Governors of the Federal Reserve System (Board) under OMB delegated authority, as per 5 CFR 1320.16 (OMB Regulations on Controlling Paperwork Burdens on the Public). Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the Paperwork Reduction Act Submission, supporting statements and approved collection of information instruments are placed into OMB's public docket files. The Federal Reserve may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB control number.

FOR FURTHER INFORMATION CONTACT:

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Regulatory Affairs, Office of Management and Budget, New Executive
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20503.

**Final approval under OMB delegated authority of the revision, without
extension, of the following reports:**

Report title: Consolidated Financial Statements for Bank Holding
Companies.

Agency form number: FR Y-9C.

OMB control number: 7100-0128.

Frequency: Quarterly.

Reporters: Bank holding companies (BHCs).

Estimated annual reporting hours: 192,561 hours.

Estimated average hours per response: 47.15 hours.

Number of respondents: 1,021.

General description of report: This information collection is mandatory
(12 U.S.C. 1844(c)). Confidential treatment is not routinely given to the
data in this report. However, confidential treatment for the reporting

information, in whole or in part, can be requested in accordance with the instructions to the form, pursuant to sections (b)(4), (b)(6) and (b)(8) of the Freedom of Information Act (5 U.S.C. §§ 552(b)(4), (b)(6) and (b)(8)).

Abstract: The FR Y-9 family of reports historically has been, and continues to be, the primary source of financial information on BHCs between on-site inspections. Financial information from these reports is used to detect emerging financial problems, to review performance and conduct pre-inspection analysis, to monitor and evaluate capital adequacy, to evaluate BHC mergers and acquisitions, and to analyze a BHC's overall financial condition to ensure safe and sound operations.

The FR Y-9C consists of standardized financial statements similar to the Federal Financial Institutions Examination Council (FFIEC) Consolidated Reports of Condition and Income (Call Reports) (FFIEC 031 & 041; OMB No. 7100-0036) filed by commercial banks. The FR Y-9C collects consolidated data from top-tier BHCs with total consolidated assets of \$500 million or more. (Under certain circumstances defined in the General Instructions, BHCs under \$500 million may be required to file the FR Y-9C.)

Current Actions: On November 21, 2011, the Federal Reserve published a notice in the *Federal Register* (76 FR 71968) requesting public comment for

60 days on the revision, without extension, of the FR Y-9C report. The comment period for this notice expired on January 20, 2012. The Federal Reserve received six comment letters on this proposal. In addition, the Federal Reserve, Federal Deposit Insurance Corporation (FDIC), and Office of the Comptroller of the Currency (OCC) (the banking agencies) received these six comment letters and two additional comment letters on proposed revisions to the Consolidated Reports of Condition and Income (Call Reports) (FFIEC 031 & 041; OMB No. 7100-0036) that parallel the proposed revisions to the FR Y-9C and are taken into consideration for this proposal.

The FR Y-9C changes proposed in the Federal Reserve's November 2011 Federal Register notice, the first four of which were proposed for implementation in June 2012 and the last of which was proposed for implementation in March 2012, included:

- A new Schedule HI-C, Disaggregated Data on the Allowance for Loan and Lease Losses, in which institutions with total assets of \$1 billion or more would report a breakdown by key loan category of the end-of-period allowance for loan and lease losses (ALLL) disaggregated on the basis of impairment method and the end-of-

period recorded investment in held-for-investment loans and leases related to each ALLL balance;

- A new Schedule HC-U, Loan Origination Activity (in Domestic Offices), in which institutions with total assets of \$500 million or more would report, separately for several loan categories, the quarter-end amount of loans (in domestic offices) reported in Schedule HC-C, Loans and Lease Financing Receivables, that was originated during the quarter, and institutions with total assets of \$1 billion or more would also report for these loan categories the portions of the quarter-end amount of loans originated during the quarter that were (a) originated under a newly established loan commitment and (b) not originated under a loan commitment;
- New Memorandum items in Schedule HC-N, Past Due and Nonaccrual Loans, Leases, and Other Assets, for the total outstanding balance and related carrying amount of purchased credit-impaired loans accounted for under Accounting Standards Codification (ASC) Subtopic 310-30 that are past due 30 through 89 days and still accruing, past due 90 days or more and still accruing, and in nonaccrual status;

- New items in Schedule HC-P, 1-4 Family Residential Mortgage Banking Activities, in which institutions with \$1 billion or more in total assets and smaller institutions with significant mortgage banking activities would report the amount of representation and warranty reserves for 1-4 family residential mortgage loans sold (in domestic offices), with separate disclosure of reserves for representations and warranties made to U.S. government and government-sponsored agencies and to other parties;
- Instructional revisions addressing the discontinued use of specific valuation allowances by savings and loan holding companies, and the accounting and reporting treatment for capital contributions in the form of cash or notes receivable.

Further details concerning the preceding proposed FR Y-9C reporting changes may be found in Sections A.1 through A.5.(2) of the November 2011 *Federal Register* notice.

Summary of Comments:

The Federal Reserve received comment letters from six entities on proposed revisions to the FR Y-9C: two banking organizations, two bankers' associations, a commercial lending software company, and a news organization. The banking agencies received these six comment letters and

two additional comment letters from banking organizations on proposed changes to the Call Report.

One bankers' association offered the general statement that its "members expressed no concerns with many of the [agencies'] proposed revisions." None of the commenters specifically addressed the reporting changes proposed for implementation as of March 31, 2012. All eight of the commenters addressed one or both of the two new schedules proposed to be added to the FR Y-9C as of June 30, 2012: Schedule HI-C, Disaggregated Data on the Allowance for Loan and Lease Losses (ALLL), and Schedule HC-U, Loan Origination Activity (in Domestic Offices). One bankers' association expressed support for the proposed new items for past due and nonaccrual purchased credit-impaired loans, which were also proposed to be added to the FR Y-9C as of June 30, 2012, and recommended "that the [banking agencies] adopt these proposed revisions without change." The news organization supported the proposed collection of data on representation and warranty reserves for 1-4 family residential mortgage loans beginning June 30, 2012. The Federal Reserve concurs with this commenter's suggestion that the instructions for the new items for these reserves clarify that representations and warranties made to mortgage insurers of loans sold fall within the scope of these items.

In addition, the news organization recommended that the Federal Reserve consider significantly revising the information they collect on mortgage banking activities in Schedule HC-P by adding further detail in certain areas and deleting certain existing items. These recommendations go well beyond the Federal Reserve's current proposal to add new items for representation and warranty reserves to Schedule HC-P. The Federal Reserve will consider the news organization's ideas in conjunction with their evaluation of other possible FR Y-9C reporting revisions that would be included in a future proposal.

After considering the comments received, the Federal Reserve is proceeding with the instructional revisions proposed for implementation as of the March 31, 2012, report date as well as the proposed new items for past due and nonaccrual purchased credit-impaired loans and representation and warranty reserves for 1-4 family residential mortgages effective as of the June 30, 2012, report date. As for the new schedules for disaggregated ALLL data and selected loan origination data proposed for implementation as of June 30, 2012, the Federal Reserve is continuing to evaluate these two proposed schedules in light of the comments received and will publish a separate *Federal Register* notice once a decision has been made with regard to these two proposed schedules. Because of the additional time necessary

for the Federal Reserve to determine the outcome of proposed new FR Y-9C Schedules HI-C and HC-U and to allow sufficient lead time for affected institutions to prepare for any resulting new reporting requirements, the collection of disaggregated ALLL data and selected loan origination data would not take effect before the September 30, 2012, report date.

The list below summarizes each of the FR Y-9C reporting changes included in the November 2011 proposal along with its implementation status:

- Proposed new Schedule HI-C, Disaggregated Data on the Allowance for Loan and Lease Losses: Remains under review by the Federal Reserve; not to be implemented before September 30, 2012;
- Proposed new Schedule HC-U, Loan Origination Activity (in Domestic Offices): Remains under review by the Federal Reserve; not to be implemented before September 30, 2012;
- New Memorandum items in Schedule HC-N, Past Due and Nonaccrual Loans, Leases, and Other Assets: Implement June 30, 2012;
- New items in Schedule HC-P, 1-4 Family Residential Mortgage Banking Activities: Implement June 30, 2012;

- Instructional revisions addressing the discontinuation of certain valuation allowances by savings and loan holding companies; and the accounting and reporting treatment for certain capital contributions: Implement March 31, 2012.

Consistent with longstanding practice, for the June 30, 2012, report date, institutions may provide reasonable estimates for any new or revised FR Y-9C reporting item initially required to be reported as of that date for which the requested information is not readily available.

Board of Governors of the Federal Reserve System, March 12, 2012.

Jennifer J. Johnson,
Secretary of the Board.
[FR Doc. 12-00000 Filed 00-00-12; 8:45AM]
Billing Code 6210-01-P

[FR Doc. 2012-6332 Filed 03/15/2012 at 8:45 am; Publication Date: 03/16/2012]